

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03  
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03  
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CEA-01 PA-01 PRS-01 /082 W  
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R 191044Z JAN 78  
FM AMEMBASSY CAIRO  
TO SECSTATE WASHDC 4457

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E. O. 11652: N/A  
TAGS: EFIN, EINV, EG  
SUBJ: MODIFICATIONS IN PUBLIC SECTOR OWNERSHIP

REF: 77 CAIRO 18415

1. LOCAL PRESS, IN ARTICLE PUBLISHED JANUARY 17, REPORTED THAT GOE CABINET WILL SHORTLY DISCUSS PUBLIC SALE OF SHARES IN PUBLIC SECTOR COMPANIES. ACCORDING TO PRESS, 49 PERCENT OF SHARES OF SEVEN PUBLIC SECTOR COMPANIES WILL BE OFFERED FOR PUBLIC SUBSCRIPTION. ARTICLE NAMES NATIONAL CO. FOR CEMENT PRODUCTION, EASTERN CO. FOR COTTON, NASR SPINNING AND WEAVING CO. IN DAMIETTA, MISR CO. FOR DAIRY AND FOOD PRODUCTS, DAKHALIA SPINNING AND WEAVING CO., UNITED ARAB CO. FOR SPINNING AND WEAVING AND THE GENERAL CO. FOR POTTERY AND CERAMICS AS HAVING BEEN SELECTED FOR THEIR PROFITABILITY AND BECAUSE SOME PRIVATE CAPITAL ALREADY PARTICIPATES IN THE COMPANIES. ARTICLE REPORTS THE NEW SHARES WOULD BE EXEMPTED FROM INDUSTRIAL AND COMMERCIAL PROFIT TAXES FOR A MINIMUM OF FIVE YEARS. COMPANY PERSONNEL WOULD BE GIVEN PRIORITY IN SHARE PURCHASE AND NO INDIVIDUAL WOULD BE PERMITTED TO BUY MORE THAN 5 PERCENT OF THE OFFERING OR THE EQUIVALENT OF

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LE 10,000.

2. ACCORDING TO PRESS, THE CABINET WILL ALSO REVIEW AN AMENDMENT PROPOSED BY ECONOMIC GROUP TO ALTER THE PUBLIC SECTOR LAW. PROPOSAL CALLS FOR SALE OF 49 PERCENT OF NUMEROUS OTHER PUBLIC COMPANIES. HOWEVER, SHARES OF WAR PRODUCTION, IRRIGATION AND DRAINAGE, POWER, CENTRAL

EXCHANGES, COMMERCIAL BANKS, AGRICULTURAL CREDIT BANKS, FOREIGN TRADE COMPANIES AND COTTON COMPANIES WOULD NOT BE MADE AVAILABLE FOR SUBSCRIPTION. SHARES OF SELF-FINANCED COMPANIES, INCLUDING OIL COMPANIES, THE SUEZ CANAL AUTHORITY, AND PHARMACEUTICAL COMPANIES, WOULD BE SIMILARLY EXEMPTED.

3. IN RELATED DEVELOPMENT, JANUARY 18 LOCAL PRESS REPORTE CABINET IS ALSO SCHEDULED TO CONSIDER REPORT ON DEVELOPMENT OF MANAGEMENT IN PUBLIC SECTOR FIRMS. ACCORDING TO PRESS, REPORT CALLS FOR REORGANIZATION AND TRANSFER OF FIRMS BETWEEN VARIOUS DEPARTMENTS OF PUBLIC SECTOR AND STRESSES NEED FOR GREATER FREEDOM OF ACTION FOR COMPANY DIRECTORS.

4. COMMENT: VARIOUS PLANS TO MOBILIZE PRIVATE SECTOR SAVINGS, INCLUDING PROPOSED NATIONAL DEVELOPMENT BANK (SEE REFTEL), HAVE FOR SOME TIME BEEN UNDER CONSIDERATION BY GOE. VARIOUS LEGAL OBSTACLES, ALONG WITH BUREAUCRATIC AND POLITICAL OPPOSITION, HAVE HELPED DELAY THEIR IMPLEMENTATION. HOWEVER, UNATTRACTIVE FINANCIAL PROFILES OF PUBLIC SECTOR COMPANIES WOULD PROBABLY HAVE BEEN A MAJOR DISINCENTIVE FOR PRIVATE INVESTMENT IN THE PUBLIC SECTOR EVEN HAD IT BEEN ALLOWED. REPORTED EFFORTS BY GOE TO REORGANIZE PUBLIC SECTOR AND SELECTION OF SEVEN MOST PROFITABLE PUBLIC SECTOR COMPANIES FOR SHARE OFFERINGS LIMITED OFFICIAL USE

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MAY REFLECT GOE AWARENESS OF PROBLEMS AND DETERMINATION TO LIBERALIZE INDUSTRIAL OWNERSHIP PATTERN. EILTS

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## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SALES, STOCKS (SECURITIES), GOVERNMENT CORPORATIONS  
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**Decaption Date:** 01 jan 1960  
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**Disposition Date:** 20 Mar 2014  
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**Review Markings:**  
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